

THE WOODLANDS TOWNSHIP

BOARD OF DIRECTORS

SPECIAL BOARD MEETING

AUGUST 31, 2010

MINUTES

THE STATE OF TEXAS §

COUNTIES OF HARRIS & MONTGOMERY §

The Board of Directors of The Woodlands Township met in special session, open to the public, on August 31, 2010, posted to begin at 9:00 a.m. The meeting was held in the Meeting Room at the Office of The Woodlands Township, Board Chambers, 10001 Woodloch Forest Drive, Suite 600, The Woodlands, Texas, within the boundaries of The Woodlands Township.

DIRECTORS PRESENT: Chairman Bruce Tough, Vice Chairman Lloyd Matthews, Secretary Claude Hunter, Director Nelda Blair*, Director Tom Campbell, and Director Peggy Hausman

***Indicates arrived late**

DIRECTORS ABSENT: Treasurer Ed Robb

STAFF/ADVISORS: Don Norrell, President/General Manager, John Powers, Assistant General Manager Community Services, Monique Sharp, Assistant General Manager of Finance & Administration, Fire Chief Alan Benson, Susan Welbes, Director of Human Resources, Nick Wolda, Director of Community Relations/CVB President, Miles McKinney, Legislative Affairs & Transportation Manager, Karen Dempsey, Management Analyst, Mary Connell, Community Relations Manager, and Mike Page, Legal Counsel

CALL TO ORDER:

Chairman Tough called the meeting to order at 9:03 a.m. and declared that notice of this meeting was posted 72 hours in advance at the Courthouses of Montgomery and Harris Counties and inside the boundaries of The Woodlands Township at the office building located at 10001 Woodloch Forest Drive, Suite 600, The Woodlands, Texas. As there was a quorum of members present, the Board proceeded to conduct business regarding the following matters.

CONSIDER AND ACT UPON ADOPTION OF MEETING AGENDA:

Chairman Tough called for a motion and second to adopt the meeting agenda.

MOTION: Motion by Secretary Hunter; second by Director Campbell

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VOTE: **Ayes:** Chairman Tough
 Vice Chairman Matthews
 Secretary Hunter
 Director Campbell
 Director Hausman

Nays: None

Absent: Treasurer Robb

***Director Blair**

ACTION: Motion passed unanimously.

RECOGNIZE PUBLIC OFFICIALS:

Chairman Tough recognized Gil Staley with the Economic Development Partnership.

PUBLIC COMMENT:

There was no public comment.

CONSIDER AND ACT UPON A RECOMMENDATION FROM THE AUDIT COMMITTEE TO ACCEPT THE 2009 AUDIT REPORTS:

Note: Director Blair arrived at this point in the meeting.

Monique Sharp presented this item noting that the Audit Committee met August 27, 2010 with representatives from the audit firms of Blazek & Vetterling and Null-Lairson, P.C. to discuss and review the audit reports for the year ended December 31, 2009 for The Woodlands Association, Inc., The Woodlands Commercial Owners Association, Inc., The Woodlands Community Association, Inc., The Woodlands Community Service Corporation, The Woodlands Fire Department, Inc., The Woodlands Recreation Centers, Inc., and The Woodlands Township. Ms. Sharp informed the Board that the Audit Committee, composed of Directors Tough, Robb and Campbell, unanimously recommended acceptance of the 2009 audit reports.

Following Ms. Sharp's comments, Chuck Yapple with Null-Lairson, P.C. addressed the Board. Mr. Yapple gave a brief overview of the Township's audit report and focused primarily on the Township's consolidated financial statements.

At the conclusion of Mr. Yapple's presentation, the Chair called for a motion and second to accept the 2009 audit reports.

MOTION: Motion by Director Campbell; second by Vice Chairman Matthews

VOTE: **Ayes:** Chairman Tough
 Vice Chairman Matthews
 Secretary Hunter
 Director Blair
 Director Campbell
 Director Hausman

Nays: None

Absent: Treasurer Robb

ACTION: Motion passed unanimously.

RECEIVE AND CONSIDER A REPORT REGARDING THE STATUS OF REFUNDING OF THE WOODLANDS TOWNSHIP'S OUTSTANDING SALES AND USE TAX AND HOTEL OCUPANCY TAX BONDS, SERIES 2001, INCLUDING APPROVING AND AUTHORIZING DISTRIBUTION OF A

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PRELIMINARY OFFICIAL STATEMENT IN CONNECTION WITH THE PROPOSED REFUNDING BONDS, AND ADOPTING AN ORDER AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF THE PROPOSED REFUNDING BONDS AND DELEGATING TO THE PRESIDENT/GENERAL MANAGER OR CHAIRMAN THE AUTHORITY TO EXECUTE AND DELIVER A BOND PURCHASE AGREEMENT WITH THE UNDERWRITER FOR THE PURCHASE AND SALE OF THE REFUNDING BONDS WITHIN DEFINED PARAMETERS;

Chairman Tough called on Mike Page to present the report. Mr. Page reported that the market is doing very well with attractive rates. In addition, Mr. Page outlined the various steps that needed to be completed in order to get the bonds ready to be distributed to potential bond buyers. Mr. Page also identified defined parameters used to delegate authority in volatile markets in order for the underwriter to capture the best market conditions. The defined parameters are as follows:

1. Maximum principal amount of refunding bonds of \$44 million
2. Maximum principal amount of bonds to be refunded \$40,530,000
3. Final maturity date on refunding bonds not extend beyond the current maturity date of the bonds
4. Minimum level present value of savings, net of all costs, of \$3.5 million

Following Mr. Page's presentation, Chairman Tough called for a motion and second to approve and authorize distribution of a Preliminary Official Statement in connection with the proposed refunding bonds, and adopt an order authorizing the issuance, sale and delivery of the proposed refunding bonds and delegate to the Chairman the authority to execute and deliver a bond purchase agreement with the underwriter for the purchase and sale of the refunding bonds within the defined parameters listed above.

Prior to the vote, Ashley Allen with First Southwest Company was called on to provide additional clarification on this item. As there was no further need for discussion, the Board then voted as follows:

MOTION: Motion by Director Blair; second by Vice Chairman Matthews

VOTE: **Ayes:** Chairman Tough
 Vice Chairman Matthews
 Secretary Hunter
 Director Blair
 Director Campbell
 Director Hausman

Nays: None

Absent: Treasurer Robb

ACTION: Motion passed unanimously.

A copy of the Preliminary Official Statement is attached hereto as Exhibit "A".

CONSIDER, ADOPT AND SET BY ORDER THE 2010 AD VALOREM TAX RATE FOR MAINTENANCE AND OPERATIONS AND THE 2010 AD VALOREM TAX RATE FOR DEBT SERVICE;

Chairman Tough briefly introduced this item and then called on Monique Sharp to provide a more detailed explanation. Ms. Sharp referred the Board to a handout of an Executive Summary for their review. Following Ms. Sharp's comments, it was noted that there is not an increase in the property tax rate of 32.8 cents per \$100 valuation of property for 2010. This is the same property tax rate that was assessed in 2009. The 2010 property tax rate, however, is 0.9 percent higher than the effective tax rate of 32.5 cents per \$100 valuation of property which is the amount calculated by the tax assessor/collector.

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Following Ms. Sharp's presentation, the Chair called for a motion and second on three separate matters.

MOTION #1: Motion by Director Blair to set the debt service component of the 2010 tax rate at 2.09 cents per \$100 of taxable valuation; second by Director Campbell

VOTE: **Ayes:** Chairman Tough
 Vice Chairman Matthews
 Secretary Hunter
 Director Blair
 Director Campbell
 Director Hausman

Nays: None

Absent: Treasurer Robb

ACTION: Motion passed unanimously.

MOTION #2: Motion by Director Campbell to set the maintenance and operations tax rate component of the 2010 tax rate at 29.41 cents per \$100 of taxable valuation; second by Secretary Hunter

VOTE: **Ayes:** Secretary Hunter
 Director Campbell
 Director Hausman
 Nays: Chairman Tough
 Vice Chairman Matthews
 Director Blair

Absent: Treasurer Robb

ACTION: Motion died for lack of a quorum vote.

MOTION #2: Motion by Secretary Hunter to set the maintenance and operations tax rate component of the 2010 tax rate at 30.41 cents per \$100 of taxable valuation; no second

ACTION: Motion died for lack of a second.

MOTION #2: Motion by Director Blair to set the maintenance and operation tax rate component of the 2010 tax rate at 30.71 cents per \$100 of taxable valuation; second by Vice Chairman Matthews

VOTE: **Ayes:** Chairman Tough
 Vice Chairman Matthews
 Director Blair

Nays: Secretary Hunter
 Director Campbell
 Director Hausman

Absent: Treasurer Robb

ACTION: Motion died for lack of a quorum vote.

The Board then recessed at 9:40 a.m. and reconvened in Public Session at 9:48 a.m.

MOTION #2: Motion by Vice Chairman Matthews to set the maintenance and operation tax rate component of the 2010 tax rate of 30.51 cents per \$100 of taxable valuation; second by Secretary Hunter

ACTION: Vice Chairman Matthews withdrew the motion following a period of discussion.

MOTION #2: Motion by Secretary Hunter to set the maintenance and operation tax rate component of the 2010 tax rate of 30.51 cents per \$100 of taxable valuation; no second

ACTION: Motion died for lack of a second.

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MOTION #2: Motion by Vice Chairman Matthews to set the maintenance and operation tax rate component of the 2010 tax rate of 30.71 cents per \$100 of taxable valuation; second by Director Blair

VOTE: **Ayes:** Chairman Tough
 Vice Chairman Matthews
 Director Blair
 Nays: Secretary Hunter
 Director Campbell
 Director Hausman
 Absent: Treasurer Robb

ACTION: Motion died for lack of a quorum vote.

MOTION #2: Motion by Director Blair to set the maintenance and operations tax rate component of the 2010 tax rate at 30.65 cents per \$100 of taxable valuation; second by Secretary Hunter

VOTE: **Ayes:** Chairman Tough
 Vice Chairman Matthews
 Secretary Hunter
 Director Blair
 Director Hausman
 Nays: Director Campbell
 Absent: Treasurer Robb

ACTION: Motion passed.

MOTION #3: Motion by Director Blair that the property tax rate be increased by the adoption of a tax rate of 32.74 cents, which is effectively a 0.7 percent increase in the tax rate, and that Order No. 015-10 setting such rate be adopted, as presented; second by Secretary Hunter

VOTE: **Ayes:** Chairman Tough
 Vice Chairman Matthews
 Secretary Hunter
 Director Blair
 Director Hausman
 Nays: Director Campbell
 Absent: Treasurer Robb

ACTION: Motion passed.

The Executive Summary for this item is attached hereto as Exhibit "B"; Order No. 015-10 Levying Taxes is attached hereto as Exhibit "C"; Confirmation of the 2010 Ad Valorem Tax Rates is attached hereto as Exhibit "D".

RECESS AT 10:10 A.M. TO EXECUTIVE SESSION TO DISCUSS MATTERS RELATING TO REAL PROPERTY PURSUANT TO §551.072, TEXAS GOVERNMENT CODE; DELIBERATION OF ECONOMIC DEVELOPMENT NEGOTIATIONS PURSUANT TO §551.087, TEXAS GOVERNMENT CODE; DISCUSS PERSONNEL MATTERS PURSUANT TO §551.074, TEXAS GOVERNMENT CODE; AND TO CONSULT WITH THE WOODLANDS TOWNSHIP'S ATTORNEY CONCERNING PENDING LITIGATION PURSUANT TO §551.071, TEXAS GOVERNMENT CODE;

RECONVENE IN PUBLIC SESSION AT 10:25 A.M.;

Chairman Tough announced that it would not be necessary to take action at this time on any matters.

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CONSIDERATION OF ITEMS TO BE PLACED ON THE AGENDA FOR NEXT MONTH'S MEETING:

There were no items to be placed on the agenda for next month's meeting.

BOARD ANNOUNCEMENTS; AND

As there was no further business to discuss, Chairman Tough called for a motion and second to adjourn the meeting at 10:26 a.m.

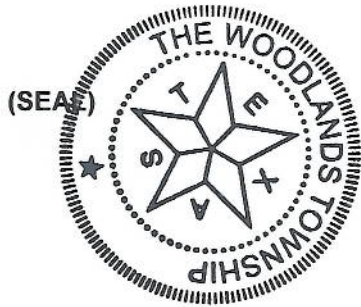
MOTION: Motion by Secretary Hunter; second by Director Blair

VOTE: **Ayes:** Chairman Tough
 Vice Chairman Matthews
 Secretary Hunter
 Director Blair
 Director Campbell
 Director Hausman

Nays: None

Absent: Treasurer Robb

ACTION: Motion passed unanimously.



Claude Hunter
Secretary, Board of Directors

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EXHIBIT OMISSIONS*

EXHIBIT "A"

EXHIBIT "B"

EXHIBIT "C"

EXHIBIT "D"

***To view Exhibits, please contact the Records Management Analyst at 281-210-3800.**